

Senate File 235 - Introduced

SENATE FILE 235
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1107)

A BILL FOR

1 An Act relating to the regulation of pharmacy benefits managers
2 and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 510B.3, subsection 1, Code 2015, is
2 amended to read as follows:

3 1. The commissioner shall enforce the provisions of this
4 chapter. After notice and hearing, the commissioner may impose
5 any or all of the sanctions set out in section 507B.7 and may
6 suspend or revoke a pharmacy benefits manager's certificate
7 of registration as a third-party administrator pursuant to
8 chapter 510, upon finding that the pharmacy benefits manager
9 violated any of the requirements of this chapter or of chapter
10 510 pertaining to third-party administrators.

11 Sec. 2. Section 510B.3, Code 2015, is amended by adding the
12 following new subsections:

13 NEW SUBSECTION. 1A. A pharmacy benefits manager, as an
14 agent or vendor of an insurance company, is subject to the
15 commissioner's authority to conduct an examination pursuant to
16 chapter 507. The procedures set forth in chapter 507 regarding
17 examination reports shall apply to an examination of a pharmacy
18 benefits manager under this chapter.

19 NEW SUBSECTION. 1B. A pharmacy benefits manager is subject
20 to the commissioner's authority to conduct an investigation
21 pursuant to chapter 507B. The procedures set forth in chapter
22 507B regarding investigations shall apply to an investigation
23 of a pharmacy benefits manager under this chapter.

24 NEW SUBSECTION. 1C. A pharmacy benefits manager is subject
25 to the commissioner's authority to conduct an examination,
26 audit, or inspection pursuant to chapter 510 for third-party
27 administrators. The procedures set forth in chapter 510 for
28 third-party administrators shall apply to an examination,
29 audit, or inspection of a pharmacy benefits manager under this
30 chapter.

31 NEW SUBSECTION. 1D. When the commissioner conducts an
32 examination of a pharmacy benefits manager under chapter 507;
33 an investigation under chapter 507B; or an examination, audit,
34 or inspection under chapter 510, all information received from
35 the pharmacy benefits manager, and all notes, work papers, or

1 other documents related to the examination, investigation,
2 audit, or inspection of the pharmacy benefits manager are
3 confidential records under chapter 22 and shall be accorded
4 the same confidentiality as notes, work papers, investigatory
5 materials, or other documents related to the examination of an
6 insurer as provided in chapter 507.

7 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
8 immediate importance, takes effect upon enactment.

9 EXPLANATION

10 The inclusion of this explanation does not constitute agreement with
11 the explanation's substance by the members of the general assembly.

12 This bill relates to the regulation of pharmacy benefits
13 managers.

14 The bill provides that after notice and hearing, the
15 commissioner of insurance may impose any or all of the
16 sanctions set out in Code section 507B.7 and may suspend
17 or revoke a pharmacy benefits manager's certificate of
18 registration as a third-party administrator, upon finding that
19 the pharmacy benefits manager violated any of the requirements
20 of Code chapter 510B (regulation of pharmacy benefits
21 managers), 510 (regulation of third-party administrators), or
22 507B (regulation of insurance trade practices).

23 The bill provides that a pharmacy benefits manager is
24 subject to the commissioner's authority to conduct an
25 examination pursuant to Code chapter 507B; conduct an
26 investigation pursuant to Code chapter 507B; and conduct an
27 examination, audit, or inspection pursuant to Code chapter 510
28 for third-party administrators. The bill also provides that
29 when the commissioner undertakes any of these activities, all
30 notes, work papers, or other documents related to the activity
31 are confidential records under Code chapter 22 and are accorded
32 the same confidentiality as such materials related to the
33 examination of an insurer as provided in Code chapter 507.

34 The bill is effective upon enactment.